ENERGY EFFICIENCY STUDY COMMITTEE MEETING
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Good afternoon. My name is Dell Collins and I am the Director of Facilities for Vermeer Manufacturing Company. For those not familiar with Vermeer Manufacturing, we produce a broad range of machinery for the agricultural, environmental, industrial, and construction industries. We employ around 2,100 people and have approximately 1.5 millions square feet under roof in Pella, IA. We are still family owned and have a very conservative approach regarding capital spending. I mention this because it plays a role in our energy participation.

When I was first approached to speak to you today, I was not sure what I could add to the other presentations you are hearing. Vermeer is still in its infancy in putting into place all the energy projects it would like to do. Many other corporations are further down this path. What I think I can add is the difficulty manufacturing firms have in truly implementing energy conservation projects. Even those projects it knows would be beneficial and would truly like to do. It is not the lack of desire to initiate energy conservation and alternate energy projects; it is the competition of resources available.

Over the past couple of years, Vermeer Mfg. Co. has attempted to incorporate energy reduction and conservation into policies and projects. This has been done as both a cost competitive measure as well as becoming more environmental friendly in its operations. In a 2007 update to its Five Year Vision, Vermeer identified as one of its goals a policy to demonstrate a commitment to a stewardship of the environment. This is to be done through the use of renewable energy, use of recyclable and bio-based materials in its products, and energy reduction in its operations.

Recent energy projects have included a major compressed air leak program, utilizing high efficiency air handling and HVAC systems, automated controls on motors, supplied air and HVAC systems, and insulation and coating projects. Vermeer is also initiating a lighting retrofit project replacing halogen plant lighting with more efficient fluorescent lighting. The new lighting will also use additional operational controls which would not work with the older style lighting.

It has been calculated that the air leak program has saved Vermeer approximately $360,000 per year. Air system upgrades were completed as part of a program to increase air quality in the production areas, increasing the number of air exchanges from 1 ½ air exchanges per hour to five exchanges per hour. The use of high efficiency units and controlling the flows has offset the energy consumption and costs. Lighting improvements when completed across its campus are estimated to save Vermeer $230,000 per year. The insulation and coating projects will be analyzed this winter.

Vermeer plans to continue energy improvements in its future plans. Projects in review include the completion of its air system controls across its entire campus, moving towards a centralized air plant to reduce the number of operation compressors required and completion of the lighting project. Vermeer will also review alternate energy options such as geothermal, wood-fired, solar, and wind systems with new projects as they are developed.

Vermeer views an energy and environment plan as essential to remain competitive, both economically to compete in today's market place and to meet the needs of its employees. So why is a company which understands the benefits of energy management not further in its journey? As mentioned earlier, Vermeer takes a very conservative approach to capital projects. As a company, we do not believe in long term debt. Based on business the previous year, a certain amount of profit is earmarked for capital improvements and growth. This served Vermeer very well in some

lean years from 2001 through 2003 but it does restrict opportunities as there is a limited amount of cash available. This same funding supports growth opportunities, IT upgrades, major equipment replacements, regulatory improvements, and energy and facilities projects. In a manufacturing environment, each department believes its needs are crucial to the long-term health of the company. To a certain extent, they are all correct. The trick, then, is to identify and understand all the merits of positive energy projects so they can compete for capital allotment with all the other needs in the manufacturing world.

So what can legislature do to help me as a manufacturer implement additional energy conservation and alternate energy projects? Three things come immediately to mind:

1. Education: I realize there is a multitude of information available today. The problem is finding the time and/or resources to track down pertinent information. I need information easy to find, readily available, and concise, but also readable so that I can have ammunition when competing for capital dollars.
2. Technical Support: By no means do I think the State should be competing with consultants who are trained and working in the business already. What would make my life easier is to have a resource to know where to go for relevant information. In would be very helpful if there was a clearinghouse or a pre-approved listing of consultants or resources where someone could start their search. In today's lean and competitive manufacturing environment, companies do not have surplus resources to sort through the extraneous material and information to really get to the information they need to make decisions. A resource to quickly point to the right direction would be a great asset.
3. Of course, financial incentive programs will also help companies in deciding whether to implement a particular energy conservation program. While there are many such programs from the utilities, Vermeer contracts its power through the City of Pella, so many of those programs are not available to us.

   My main request would be that any incentive program would be very intentional and specific to the goals desired. Recently, I received an email from a friend that additional opportunities for wind generation tax benefits had been announced. By the time I could have even contemplated initiating a program, all slots had been taken. By no means am I saying this was unfair as this program wanted to open up more opportunities for wind generation, and it did. What I am saying is that if you want to make an energy program for Iowa manufacturing, make sure that it is available for all qualified entities.

To sum up, I believe most companies would like to institute more energy savings programs. I believe most companies understand there are positive financial impacts and want to positively affect the environment. The issue with manufacturing companies is the conflicting demand for time, resources and capital to select energy projects from the multitude of other needs for those resources. I believe I speak for a number of companies when I say that we would appreciate any support in terms of education, technical support and programs geared to meet these needs.